# CHAPTER 1 SOURCE CATEGORY

This chapter addresses the EPA's responses to public comments on the oil and natural gas source category in the EPA's Proposed *Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources*.

Commenters also raised issues on topics that are not covered by this chapter. Please refer to the following chapters for responses specific to those issues:

- **Chapter 2**: Regulation of Methane
- **Chapter 3**: Well Completions
- **Chapter 4**: Fugitives Monitoring
- **Chapter 5**: Pumps
- **Chapter 6**: Controllers
- **Chapter 7**: Compressors
- **Chapter 8**: Equipment Leaks at Natural Gas Processing Plants
- **Chapter 9**: Liquids Unloading
- **Chapter 10**: Storage Vessels
- **Chapter 11**: Compliance
- **Chapter 12**: Regulatory Impact Analysis
- **Chapter 13**: Existing State, Local, and Federal Rules
- **Chapter 14**: Subpart OOOO
- **Chapter 15**: Miscellaneous
- **Chapter 16**: Comment Period Extension

**Commenter Name:** Darin Schroeder, David McCabe, Lesley Fleishman and Conrad Schneider
**Commenter Affiliation:** Clean Air Task Force et al.
**Document Control Number:** EPA-HQ-OAR-2010-0505-7062
**Comment Excerpt Number:** 21

**Comment:** EPA Has Authority to Establish Standards for Downstream Sources in All Segments of the Oil and Gas Source Category Covered by Subpart OOOOa.

EPA's interpretation that its 1979 published list of source categories "generally cover[ed] the oil and natural gas industry," including "production, processing, transmission, and storage," is reasonable. 80 Fed. Reg. at 56600. At the time of the listing, EPA recognized that many of the source categories the agency was evaluating emitted pollutants from multiple processes within the sectors, and EPA claimed to lack adequate information to accurately analyze the emissions for many of these sources. 44 Fed. Reg. 49,222, 49,224 (Aug. 21, 1979). EPA's answer to the challenge posed by these source categories was to aggregate the different emission sources into a single, broad source category. *Id.* (using the synthetic organic chemical manufacturing industry as an example); Standards of Performance for New Stationary Sources, 43 Fed. Reg. 38,872, 38,875 (Aug. 31, 1978) (same). Given the breadth and complexity of the various emission sources within the oil and gas sector it is reasonable for EPA to interpret the 1979 Crude Oil and Natural Gas Production listing as including the transmission and storage segments.

Even if the original 111 listing did not cover these downstream segments, we agree that EPA has made the necessary demonstration to support a revision to the source category under section 111(b)(1)(A). Indeed, EPA provides extensive information in the preamble concerning the significant emissions from the transmission and storage segments, noting that this information only further confirms EPA's prior endangerment and contribution findings. We urge EPA to clarify that this significant volume of emissions from transmission and storage justifies its inclusion in the source.

**Response:** We thank the commenter for its support of EPA's interpretation of the 1979 category listing with respect to the oil and natural gas source category. VOC and methane are emitted from all segments of the natural gas industry. While the amounts may differ from segment to segment, where one emission decreases, the other increases. As a result, the overall emissions from each segment, including transmission and storage, are significant. Please see section IV.C of the preamble to the final rule for additional emissions information.

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**Commenter Name:** Michael J. Meyers, et al., Assistant Attorneys General
**Commenter Affiliation:** Attorneys Generals of New York, Massachusetts, Oregon, Rhode Island, and Vermont (States)
**Document Control Number:** EPA-HQ-OAR-2010-0505-6940
**Comment Excerpt Number:** 5

**Comment:** EPA Reasonably Interprets the Oil and Gas Source Category Listing as Including Equipment Used in the Production, Processing, Transmission, and Storage of Oil and Gas.

In the Proposed Rule, EPA interprets the source category listing of "crude oil and natural gas production," which was included in a 1979 rulemaking listing several industries EPA defined as source categories, 44 Fed. Reg. 49,222, as covering the oil and natural gas industry, including production, processing, transmission and storage. 80 Fed. Reg. at 56,660. When issuing the first sets of standards of performance for this source category, EPA stated the source category "encompass[es] the operations of exploring for crude oil and natural gas products, drilling for these products, removing them from beneath the earth's surface, and processing these products from oil and gas fields for distribution to petroleum refineries and gas pipelines." Standards of Performance for New Stationary Sources; Onshore Natural Gas Processing Plants in the Natural Gas Production Industry; Equipment Leaks of VOC, 49 Fed. Reg. 2,636, 2,637 (Jan. 20, 1984).

In subsequent agency rulemakings, EPA has consistently interpreted the 1979 final rule broadly as creating a source category for the entire oil and gas industry. See 77 Fed. Reg. at 49,514; 76 Fed. Reg. 52,738. EPA continued use of this broad definition of the oil and natural gas source category in the Proposed Rule is therefore consistent with longstanding agency practice.

**Response:** We thank the commenter for its support of EPA's interpretation of the 1979 category listing with respect to the oil and natural gas source category.

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**Commenter Name:** Howard J Feldman
**Commenter Affiliation:** American Petroleum Institute
**Document Control Number:** EPA-HQ-OAR-2010-0505-6884
**Comment Excerpt Number:** 27

**Comment: EPA UNLAWFULLY SEEKS TO EXPAND THE OIL AND NATURAL GAS SECTOR SOURCE CATEGORY**

In the proposed rule, EPA seeks to unlawfully expand the scope of the oil and natural gas sector source category—even beyond the expansion that EPA undertook in 2012 with Subpart OOOO, which API has opposed as unlawful. EPA's attempt here to expand even further the types of emissions sources that would be subject to the NSPS is likewise unlawful. In this proposal, several types of never-before regulated emissions sources would be regulated under NSPS: hydraulically fractured oil well completions, pneumatic pumps and fugitive emissions from well sites, and compressor stations. 80 Fed. Reg. at 56594. Some source types would also be regulated more generally for methane and VOC emissions, as only a small subset are currently regulated for VOC: pneumatic controllers, centrifugal compressors, and reciprocating compressors (except for compressors at well sites). *Id.* at 56595.

**The Scope Of The Source Category Is Unlawfully Overbroad And Not Supported By The 1979 Listing Or The Gas Processing Plant NSPS**

EPA's proposed NSPS would cover an even greater number of very small source types in EPA's broadly defined "oil and natural gas source category," which, according to EPA, includes production, processing, transmission, and storage. Id. at 56594. EPA again maintains, as it did in

the original Subpart OOOO rulemaking, that all emissions sources proposed for regulation are covered by its 1979 listing of the oil and natural gas category. See id. at 56600 ("EPA interprets the 1979 listing broadly to include the various segments of the natural gas industry (production, processing, transmission, and storage).").

EPA is incorrect that the 1979 original source category determination can be read to include the numerous smaller emissions points covered by this proposal. The 1979 listing was focused on major-emitting operations and cannot be reasonably construed as encompassing small, discrete sources that exist separate and apart from a large facility, like a processing plant.

In its 1979 listing, EPA made it clear that the category was listed to satisfy section 111(f) of the Clean Air Act. 44 Fed. Reg. 49222 (Aug. 21, 1979). That section required EPA to create a list of "categories of major stationary sources" that had not been listed as of August 7, 1977, under section 111(b)(1)(A) of the Act and to promulgate NSPS for the listed categories according to a set schedule. EPA explained in the listing rule that its list included "major source categories," which EPA defined to include "those categories for which an average size plant has the potential to emit 100 tons or more per year of any one pollutant." Id.

Although EPA provided no further explanation in its original 1979 listing decision as to what facilities it intended to regulate under the "crude oil and natural gas production" source category, there can be no doubt that the category originally included "stationary sources" (i.e., "plants") that typically have a potential to emit at least 100 tons per year of a regulated pollutant. This communicates two important limitations on the original listing decision. First, EPA was focused on discrete "plants" or "stationary sources." Second, EPA was focused on large emitting plants or stationary sources. As a result, the original listing decision cannot reasonably be interpreted to extend to the types of sources EPA seeks to regulate in the proposal. The additional source types that EPA seeks to regulate in this proposal could not plausibly be considered part and parcel of major emitting plants.

EPA claims that its priority list analysis at the time of original listing shows that the Agency intended to regulate sources beyond the "production source segment" category because EPA evaluated equipment that is used in various segments of the natural gas industry, such as stationary pipeline compressor engines. 80 Fed. Reg. at 56600. But this does not evince an intent to regulate non-major source types but only that the Agency evaluated equipment located at what it perceived to be major facilities.

EPA next asserts that in the preamble to a subsequently proposed NSPS for natural gas processing plants, "EPA described the major emission points of this source category to include process, storage and equipment leaks," and that this supports broad regulation of even the smallest sources in the oil and natural gas industry. See id. (citing 49 Fed. Reg. 2636, 2637 (Jan. 20, 1984)). But, EPA recognized that the emissions points it was proposing to regulate in that rulemaking—process units and compressors— were located at gas processing plants. 49 Fed. Reg. at 2638; see also 50 Fed. Reg. 26122, 26123 (June 24, 1985) (affected units in final rule are process units and compressors at gas processing plants). It is telling that the Agency decided to regulate only natural gas processing plants—the closest thing to a major-emitting plant that can be found in this sector—in that NSPS.

**EPA Is Not Authorized To Arbitrarily Expand A Source Category**

As explained above, EPA incorrectly asserts that it is not listing a new source category or otherwise expanding the existing category. See 80 Fed. Reg. at 56600-01. The Agency goes on to say that even if a revision of the source category were required, it believes it is presenting information sufficient to support that revision by showing that four "segments" of the oil and natural gas industry warrant regulation. Id. at 56601, 56608-09. EPA is incorrect.

EPA fails to make the required statutory findings. Under section 111(b)(1)(A), EPA is authorized to regulate additional source types if and only if it: (1) defines a discrete "category" of stationary sources; and (2) determines that emissions from the source category cause or significantly contribute to endangerment to health or the environment.

EPA makes no effort whatsoever to demonstrate that emissions from the particular additionally-regulated sources in Subpart OOOOa cause or contribute to endangerment to health or the environment. Instead, the Agency simply asserts general public health effects associated with GHGs, VOC, and SO2 and then evaluates emissions from oil and natural gas sources generally. See id. at 56601-08. For methane, EPA merely breaks down emissions into four general "segments" (natural gas production, natural gas processing, natural gas transmission and storage, and petroleum production) but does not evaluate particular source type emissions within those segments. EPA does nothing to break down its evaluation of emissions even by sector segment for SO2 and VOC. This failure to investigate the key statutory listing criteria is patently arbitrary and plainly violates the requirement in section 307(d)(3) of the Clean Air Act to clearly set forth the basis and purpose of the proposal.

Under EPA's logic, as long as certain types of stationary sources in a category, or segment of a category, cause or significantly contribute to endangerment to health or the environment, it can lump together in the defined source category (or segment of a source category) all manner of ancillary equipment and operations, even if those ancillary equipment and operations do not in and of themselves significantly contribute to the previously-identified endangerment. See id. at 56601. This is not a reasonable interpretation of section 111(b)(1)(A) because such an interpretation would bestow virtually unlimited regulatory authority upon EPA—allowing EPA to evade the express listing criteria by creating loose associations of nominally related sources in a sector.

Lastly, section 111(f)(3) of the Clean Air Act requires EPA to "consult with appropriate representatives of the Governors" prior to "promulgating any regulations under this subsection." As explained above, EPA originally listed the "crude oil and natural gas production" source category in 1979 pursuant to section 111(f), which means that the requirement of section 111(f)(3) applies. Consequently, EPA has a clear obligation to consult with the Governors and should have done so prior to proposing the rule so that the public would have an opportunity to know the views of the Governors and submit comments on the record. Although EPA did have some general discussions with the States, see id. at 56609, this does not meet the procedural requirement of section 111(f)(3). EPA's failure to consult with the Governors and State air pollution control agencies on the specific substance of this proposal—including whether the category can be revised in the way contemplated and whether the standards are appropriate – is a

fundamental procedural error. The uniqueness of the new affected facilities (very small in cost and/or quantity of emissions or of non-routine, temporary, and construction nature) in particular justifies consultation with the States on the specific proposed action as it will further increase the States' permitting burdens if finalized.

**Response:** Please see sections IV.A and VIII.A of the final rule preamble for the EPA's response to this comment.

In addition, the commenter incorrectly assumes that the section 111(f)(3) consultation requirement applies to this final rule simply because the oil and natural gas source category was initially listed pursuant to section 111(f)(1). Section 111(f), which was enacted under the Clean Air Act amendment of 1977, reflected the need at the time for more rapid development of the NSPS due in part to the concern that source categories not subject to NSPS might threaten to leave, or not locate in, States with more stringent regulations than their neighbors. Section 111(f)(1) required that EPA promulgate regulations listing "categories of major sources" within one year after the 1977 Amendment and establishing standards for such source categories within the next four years, with a set percentage of standards completed every year. Section 111(f)(3) required that, "[b]efore promulgating any regulations under this subsection or listing any category of major stationary sources as required under this subsection, the Administrator shall consult with appropriate representatives of the Governors and of State air pollution control agencies." However, section 111(f)(3) imposes no requirement on subsequent revisions or regulations with respect to source categories listed under section 111(f)(1). With respect to the oil and natural gas source category, the subsequent actions include the 2012 NSPS (and subsequent amendments) and today's final rule, all of which are taken pursuant to section 111(b) of the CAA, which makes no mention of section 111(f)(3). For the reasons stated above, we reject the commenter's claim that the section 111(f)(3) consultation requirement applies to this final rule.

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**Commenter Name:** Theresa Pugh
**Commenter Affiliation:** Interstate Natural Gas Association of America (INGAA)
**Document Control Number:** EPA-HQ-OAR-2010-0505-6872
**Comment Excerpt Number:** 19

**Comment:** EPA Failed to Make a Separate Endangerment Finding Necessary to Include T&S Segment as a Source Category.

Section 111(b)(1)(A) of the CAA requires EPA to make a new endangerment finding for each new source category in order to establish standards of performance for the new source(s). INGAA does not believe that EPA can appropriately add the downstream T&S sectors as a source category without the requisite endangerment finding. That endangerment finding would also mean explaining why addressing all of the compressor station equipment leaks (including component parts totaling perhaps 1,000 per compressor station) is warranted. INGAA does not believe that EPA can make that finding based upon relative contributions from those component parts, equipment and those much smaller leaks.

INGAA expresses concerns regarding EPA's addition of the downstream T&S sector as a part of EPA's 1979 source category of "crude oil and natural gas production," without a substantiated endangerment finding. INGAA respectfully disagrees with EPA, and believes that the T&S sectors are not included in the "crude oil and natural gas production" category. Accordingly, INGAA requests that EPA conduct an endangerment finding for the T&S sectors pursuant to section 111(b)(1)(A) of the CAA, prior to promulgating any NSPS regulations regarding the same.

In the Proposed NSPS OOOOa Rule, EPA summarizes the statutory and regulatory history supporting its proposal. In relevant part, EPA published a list of source categories in 1979, which included "crude oil and natural gas production" ("Priority List"). In this 1979 Priority List, EPA determined that "crude oil and natural gas production" was a source category which may reasonably be anticipated to endanger public health or welfare. EPA was then able to promulgate standards of performance for "crude oil and natural gas production" pursuant to section 111(b) of the CAA. Thus, in 1985 and 2012, EPA promulgated NSPS KKK, LLL, and OOOO, respectively, addressing VOC emissions from leaking components at onshore natural gas processing plants; sulfur dioxide emissions from natural gas processing plants; and VOC standards for equipment leaks at onshore natural gas processing plants, as well as at several oil and natural gas-related operations not covered by subpart KKK, including gas well completions, centrifugal and reciprocating compressors, natural gas-operated pneumatic controllers, and storage vessels.

In this rulemaking, EPA broadly interprets the 1979 Priority List to cover the entire natural gas industry. To support this position, EPA states:

"For example, the priority list analysis indicated that the EPA evaluated emissions beyond the natural gas production segment to include emissions from natural gas processing plants. The analysis also showed that the EPA evaluated equipment, such as stationary pipeline compressor engines, that are used in various segments of the natural gas industry.

EPA's stated rationale finds no support in the 1979 Priority List, the proposed rulemaking preceding the 1979 Priority List, the background document to the 1979 Priority List, or in any subsequent EPA rulemakings.

First, beyond listing "crude oil and natural gas production" as a source category, EPA did not discuss (in its mere five page publication) any segment "beyond the natural gas production segment," nor does the analysis show that "EPA evaluated equipment," such as stationary pipeline compressor engines. In fact, neither the 1979 Priority List final rule, the 1979 Priority List proposed rule, nor the background document filed in support of the 1979 Priority List provide any explanation or support for EPA's interpretation.

In addition, EPA's original listing intended to regulate two discrete categories of sources: first, large stationary sources (such as plants), and second, sources that typically emit at least 100 tons per year of a regulated pollutant. The natural gas T&S sectors satisfy neither of these criteria, and could not reasonably have been considered a major-emitting plant at the time of the 1979 Priority

Listing. Thus, it could not have been EPA's original intent in 1979 to include the T&S sectors in the category source "crude oil and natural gas production."

In fact, the background document filed in support of the 1979 Priority List buttresses this conclusion. In that document, EPA's only mention of the natural gas industry outside of the precise phrase "crude oil and natural gas production" occurs when it adds the word "plants" to the source listing, labeling the source category as "crude oil and natural gas production plants." The inclusion of the word "plants" is a telling sign that EPA's original intent may have contemplated the regulation of natural gas processing plants—the closest thing to a major-emitting plant found in the natural gas sector.

Second, EPA's 1984 rulemaking does not support EPA's current position to include the T&S sector as a source listing. In fact, the 1984 rulemaking made clear that natural gas processing plants were the actual target of the "crude oil and natural gas production" source listing. The 1984 rule defined the source category, stating that "the crude oil and natural gas production industry encompasses the operations of exploring for crude oil and natural gas products, drilling for these products, removing them from beneath the earth's surface, and processing these products from oil and gas fields for distribution to petroleum refineries and gas pipelines." EPA's definition focuses on extraction and production; it says nothing about T&S. Additionally, the T&S sectors contemplated in the current rule-making are well beyond the natural gas processing plant of the 1984 rulemaking. As EPA notes in the Proposed Rule emissions in the transmission and storage sectors have virtually no VOC and significantly less HAP content than those in the production and processing segments. Thus, EPA is erroneously treating the various, and very distinct, segments of the natural gas industry as one source category, directly contradicting its 1984 definition, which tailored the application of this source category.

Third, and because it is clear that the natural gas T&S sectors do not fall under the existing source category, EPA must provide an explicit endangerment finding to regulate this new source category. EPA's broad authority and discretion to list and establish NSPS for a source category is not so broad as to modify a source category without such a finding. EPA has the authority to regulate the natural gas T&S sectors only if it (1) defines the precise source categories of the transmission and storage sectors, and (2) determines that emissions from the T&S sectors may contribute to endangerment of health or the environment. Absent these two express findings, EPA cannot arbitrarily expand a pre-existing source category to include new sources it never intended to include in the first place. EPA's attempt to provide "good reasons" to treat the various segments of the natural gas industry as one source category is insufficient. See 80 Fed. Reg. at 56,600. No matter how "good" the reason, such reasons must be cited in an endangerment finding.

Finally, EPA's alternative argument that it provides adequate support to satisfy an endangerment finding is insufficient under CAA section 111. Essentially, EPA is attempting to avoid its obligation to make an endangerment finding with respect to each individual segment of the natural gas industry, and to substantiate its proposed source performance standards. EPA's generalized argument in support of a new endangerment finding is insufficient under section 111(b).

EPA's argument focuses broadly on potential environmental and health impacts caused by atmospheric concentrations of GHGs. Yet EPA fails to offer a detailed discussion of any potential specific impacts directly caused by the T&S sector. Second, EPA applies its endangerment finding broadly to the entire oil and gas industry as a whole, rather than specifically to the T&S sector (or other discrete industry sectors). While EPA provides some indication regarding the percent of contribution of methane to the total GHG atmospheric concentrations from the T&S sector, EPA's analysis does not sufficiently demonstrate that the T&S sector on its own warrants an endangerment finding under section 111(b) of the CAA– particularly given the low hazardous air pollutant emissions and almost no VOCs from the T&S sector. EPA cannot arbitrarily expand a pre-established source category in such a cursory manner.

INGAA believes that a T&S specific proposal is needed for EPA to expand its source category to include the natural gas T&S sectors. EPA's broad authority and discretion to list and establish NSPS for a source category is not so broad as to permit modification of a category list without an explicit endangerment finding. Because the natural gas T&S sector was not included in the original 1979 Priority Listing, and because background documentation and further analysis of that 1979 Priority Listing support the conclusion that EPA never intended to include the T&S sector, EPA is required to make a new endangerment finding before it can purport to regulate those sectors.

EPA attempts to argue that because EPA "evaluated equipment, such as stationary pipeline compressor engines that are used in various segments of the natural gas industry" it is reasonable to assume that EPA made an endangerment finding that encompassed all of those segments. There is no evidence that EPA made such an evaluation, much less a specific endangerment finding.

However, even if we accept for the sake of argument that such an "evaluation" occurred, there is no reason to believe that the mere evaluation of compressors equates to an endangerment finding for compressors in all segments of the natural gas value chain. In 2012, EPA "evaluated" VOC emissions from compressors in the T&S segment, and explicitly found that their emissions were not high enough to merit regulation – but EPA found that regulation of compressors in the processing segment was merited. Accordingly, EPA's practice has been to evaluate different segments of the natural gas value chain independently – as different source categories – and to make findings for some segments but not others, even where different segments use the same types of equipment.

Therefore, EPA's own practice in this area makes clear that it is unreasonable to assume that the simple evaluation of sources in a particular segment of the natural gas value chain equates to an endangerment finding for that segment. Accordingly, EPA has not evaluated endangerment for the T&S sector pursuant to section 111(b)(1)(A) of the CAA.

**Response:** Please see sections IV.A and VIII.A of the final rule preamble for the EPA's response to this comment.

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**Commenter Name:** Thure Cannon, President
**Commenter Affiliation:** Texas Pipeline Association (TPA)
**Document Control Number:** EPA-HQ-OAR-2010-0505-6927
**Comment Excerpt Number:** 3

**Comment:** EPA's proposed new Subpart OOOOa rules would regulate, for the first time, emissions of methane from specified new, modified, and reconstructed sources in the oil and natural gas source category. EPA's proposal is based on Section 111 of the Clean Air Act, which authorizes EPA to set emission standards for any category of new or modified stationary sources that, in the Administrator's judgment, "causes, or contributes significantly to, air pollution which may reasonably be anticipated to endanger public health or welfare." This rulemaking is fatally flawed because EPA has not made requisite findings under Section 111 justifying expansion of the oil and natural gas source category, nor any finding that the single pollutant methane, as emitted by oil and natural gas sources, causes or contribute significantly to pollution that endangers public health or welfare.

**Response:** Please see sections IV.A and VIII.A of the final rule preamble for the EPA's response to this comment.

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**Commenter Name:** Thure Cannon, President
**Commenter Affiliation:** Texas Pipeline Association (TPA)
**Document Control Number:** EPA-HQ-OAR-2010-0505-6927
**Comment Excerpt Number:** 4

**Comment:** In the proposed rule, EPA seeks to unlawfully expand the scope of the oil and natural gas sector source category. Subpart OOOOa would establish NSPS for several types of never before regulated emissions sources, including pneumatic pumps and fugitive emissions from compressor stations, and would cover an increased number of small source types in the broadly defined oil and natural gas source category, which, according to EPA, includes production, processing, transmission, and storage. EPA contends that all of the emission sources that would be regulated by Subpart OOOOa are included within its 1979 listing of the oil and natural gas category.

EPA's conclusion that the 1979 original source category determination includes the many small emission points covered by this proposal is incorrect. The 1979 listing focused on major emitting operations. Specifically, EPA established the 1979 source category list in order to satisfy Clean Air Act Section 111(f), which required the agency to create a list of "categories of major stationary sources" and to promulgate NSPS for the listed categories. EPA stated that its list included "major source categories," which EPA defined to include "those categories for which an average size plant has the potential to emit 100 tons or more per year of any one pollutant." The list did not cover small sources that are separated from large facilities. Accordingly, the additional source types that EPA proposes to regulate in Subpart OOOOa were simply not encompassed in the 1979 source category listing.

Possibly recognizing that the 1979 listing does not adequately support the source category expansion represented in Subpart OOOOa, EPA's fallback position is that even if a revision of the source category is required, the agency has presented information sufficient to justify an expansion of the source category by showing that "'all segments of the natural gas industry (production, processing, transmission, and storage)" warrant regulation. The fatal flaw in this somewhat facile justification is that it ignores the requirements of Section 111(b). Specifically, under Section 111(b)(l)(A), EPA is only authorized to regulate additional source types if the agency determines that emissions from the source category cause or significantly contribute to endangerment to health or the environment. EPA has not made these findings here; indeed, it has not even attempted to show that emissions from the particular sources that would be newly covered by Subpart OOOOa cause or significantly contribute to endangerment of public health or the environment. Many of the new sources EPA proposes to include in this source category are small, isolated pieces of equipment, such as pneumatic pumps or fugitive emissions from remote small compressor stations or well sites. By themselves these small sources do not significantly contribute to air pollution, and Section 111(b) does not grant EPA the authority to collect emissions from small insignificant sources to determine a significant impact.

Since 1979 EPA has slowly expanded the oil and gas sector source category. In 1979, EPA listed crude oil and natural gas production on its priority list of source categories for promulgation of NSPS. In 1985, EPA adopted an NSPS to address VOC fugitive emissions (Subpart KKK) and SO2 emissions (Subpart LLL) from natural gas processing plants. In 2012, EPA revised its NSPS for VOC fugitive emissions and SO2 emissions from natural gas processing plants and established new standards to regulate VOC emissions from sources not previously covered, such as hydraulically fractured gas wells, centrifugal compressors, reciprocating compressors, pneumatic controllers and storage vessels (Subpart OOOO). Now, in 2015, EPA proposes to control both methane and VOC emissions for additional new sources, hydraulically fractured oil well completions, pneumatic pumps, and fugitive emissions from well sites and compressor stations, and to extend methane standards to certain emission sources currently regulated for only VOC emissions (proposed Subpart OOOOa). In short, EPA's expansion of the oil and gas sector source category bit by bit over time has resulted in "source category creep." EPA has slowly, and with little notice, expanded the number and types of affected sources in the oil and gas sector without making the requisite cause-or-contribute and endangerment findings in violation of clear directives in Section 111(b). EPA should not engage in this practice.

**Response:** Please see sections IV.A and VIII.A of the final rule preamble for the EPA's response to this comment.

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**Commenter Name:** Carl Rutz
**Commenter Affiliation:** Alyeska Pipeline Service Corporation
**Document Control Number:** EPA-HQ-OAR-2010-0505-6809
**Comment Excerpt Number:** 3

**Comment:** In reviewing the Proposed Rule, we noted that proposed §60.5360a identifies the applicability through the term "crude oil and natural gas source category." That term then

identifies the natural gas portion as covering "natural gas production, processing, transmission, and storage, which extend to, but does not include the city gate." However, the term of art in the definitions is "natural gas transmission" which as defined is narrower than the term "transmission." Trying to piece this together and factor in the use of the term "city gate" leads us to consider that perhaps EPA is limiting the scope of the Proposed Rule for natural gas to only those pipelines that route gas to a utility and that all gas pipelines that do not route to a local utility are not intended to be subject to the rule. Alyeska requests that EPA clarify the scope of the rule, assuming that it is finalized. Also please find our more detailed comments below on the concept of a "city gate" and our concern that EPA is not sufficiently knowledgeable about the natural gas industry to promulgate an effective and fair rule.

Alyeska believes that EPA is under the mistaken assumption that the concept of a "city gate" is a uniformly held and applied definition across the broad range of its application in the natural gas industry. EPA's definition of a city gate is not in error, however, it is only one of many definitions for that term. EPA must understand that the term's genesis and use is intended for contractual purposes and it was never intended to be an absolute definition that is uniformly applied, and therefore appropriate as a regulatory definition. Indeed, there are other definitions of city gate that are used by businesses and utilities that provide additional flexibility for transmission lines, local utilities or gas distribution companies. This can be easily demonstrated. EPA's definition of a city gate can be graphically shown in the EPA schematic below. In that drawing large volume customers are downstream of the city gate and therefore excluded from this proposed standard's applicability. However, that is not the only circumstance where large volume customers can receive natural gas. Alyeska refers EPA to the definition of transmission line (49 CFR 192.3):

Transmission line means a pipeline, other than a gathering line, that: (1) Transports gas from a gathering line or storage facility to a distribution center, storage facility, or large volume customer that is not down-stream from a distribution center; (emphasis added)

In addition, DOT informally defines transmission lines at it PHSMA website glossary as:

A pipeline installed for transporting large quantities of product from a source or sources of supply to one or more distribution centers, distribution systems, or large volume customers, such as power generation plants. Typically, transmission lines are longer, larger in diameter, operate at much higher pressures, and have greater distances between connections than distribution lines. (emphasis added).

Finally, we believe that EPA will easily find that this is practice is not uncommon and in the following footnote we cite additional examples.

EPA has created a situation where some large volume customers with compressor stations will be covered by the Proposed Rule (upstream of the city gate) and where other large volume customers with compressor stations will not be covered by the Proposed Rule (downstream of the city gate). Natural gas is also delivered directly to commercial users (that may also include a compressor station(s)) without the use of a long distance transmission line or a city gate.

EPA ignores the large volume customer issue in the preamble to the proposed rule, but was aware of it in the final rule for Subpart OOOO, 76 FR 52744. There the agency states that large volume customers may have transmission compressor stations, but appears to accept that these will not be regulated because they will be "considerably smaller" than those found on a transmission line. However, through its mistaken understanding that all large volume customers are downstream of the city gate, EPA will regulate large volume customers upstream of the city gate through the Proposed Rule even though these compressor stations will also be considerably smaller. Clearly EPA's lack of understanding of the natural gas industry has created this error.

EPA has relied up on the concept of a city gate to exclude natural gas distribution facilities or local utilities from the proposed standard as laid out at proposed 60.5360a, and the definitions of "crude oil and natural gas source category" and "city gate." However, in assuming that its view of a city gate is uniformly held and applied is an error that will create significant regulatory uncertainty about what facilities are subject to the proposed rule.

Alyeska suggests that EPA seriously consider withdrawing natural gas facilities beyond exploration and production from this rule. It is clear that the agency is not sufficiently knowledgeable about the natural gas industry to successfully capture its operations in a rule that uniformly and fairly regulates emission sources. To do otherwise is to regulate some compressor stations and not others in an arbitrary manner.

**Response:** As explained in the preambles to both the proposal and the final rule, the crude oil and natural gas source category includes natural gas production, processing, transmission, and storage. The proposed rule included a definition for the "crude oil and natural gas source category," which identified these segments of natural gas industry and clarified that these segments "include the well and extend to, but do not include the city gate." The proposed rule therefore used the term "city gate" to delineate the boundary of the natural gas industry in this listed source category as not extending beyond the city gate. We defined "city gate" in the proposed rule as "the delivery point at which natural gas is transferred from a transmission pipeline to the local gas utility." The proposal was based on our understanding that local gas utilities are the beginning of the distribution system that delivers natural gas to customers (which is not part of the listed source category). However, the commenter argues that the term "city gate" has various meanings in the industry and the use of the term in the proposed rule creates confusion. In light of the various uses and understanding of the term "city gate," we agree that the term may result in some level of confusion. In order to avoid such confusion, in the final rule we have removed the term "city gate" and replaced it with "local distribution company (LDC) custody transfer station" with the following definition:

> Local distribution company (LDC) custody transfer station means a metering station where the LDC receives a natural gas supply from an upstream supplier, which may be an interstate transmission pipeline or a local natural gas producer, for delivery to customers through the LDC's intrastate transmission or distribution lines.

In addition, we have replaced the term "city gate" with "LDC custody transfer station" in the definition of "crude oil and natural gas source category" in § 60.5430a, which is the only use of the term "city gate" in the proposed rule.

The EPA agrees with the commenter that there are natural gas transmission lines and compressors beyond the LDC custody transfer station. They are part of the gas distribution system that delivers gas to customers, which is not covered by the listing of this source category.

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**Commenter Name:** Richard S. Anderson, Director of Air Quality Compliance
**Commenter Affiliation:** Plains All American Pipeline, LP
**Document Control Number:** EPA-HQ-OAR-2010-0505-6996
**Comment Excerpt Number:** 7

**Comment:** Definition of crude oil and natural gas source category. The definition of the "crude oil and natural gas source category" in §60.5430a includes

"Crude oil production, which includes the well and extends to the point of custody transfer to the crude oil transmission pipeline." [emphasis added]. Oil transmission to refineries may take place by truck or rail as well as by pipeline. The definition should therefore be changed to be more generic. For example, the definition of custody transfer in 60.111b (NSPS Kb) uses the phrase "… to pipelines or any other forms of transportation."

**Response:** The EPA agrees with the commenter that crude oil transmission may be accomplished by means other than a pipeline and that custody transfer may take place when the crude oil is transported by these other means. Therefore, in the final rule we have added the phrase "or any other forms of transportation" to the definition of "crude oil and natural gas source category" as suggested by the commenter. We note that this phrase is in the definition of "custody transfer," but adding it to the source category definition adds clarity.

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**Commenter Name:** Richard S. Anderson, Director of Air Quality Compliance
**Commenter Affiliation:** Plains All American Pipeline, LP
**Document Control Number:** EPA-HQ-OAR-2010-0505-6996
**Comment Excerpt Number:** 8

**Comment:** Definition of "Custody Transfer". The definition of custody transfer in Section 60.5430a deals only with natural gas and does not address the custody transfer of liquids. It should be modified to also address the custody transfer of crude oil and condensate. NSPS Kb in 60.111b, for example, contains a definition of custody transfer for crude oil and condensate.

**Response:** In our definition of "crude oil and natural gas source category" in §60.5430a, we use the term "custody transfer" with respect to both crude oil and natural gas. The commenter is therefore correct that the proposed definition of "custody transfer" does not address the transfer of crude oil. To address the comment, in the final rule we have amended the definition of custody transfer as follows: "Custody transfer means the transfer of crude oil or natural gas…"

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**Commenter Name:** Rodney Sartor
**Commenter Affiliation:** Enterprise Products Partners L.P.
**Document Control Number:** EPA-HQ-OAR-2010-0505-6807
**Comment Excerpt Number:** 7

**Comment:** Alternatively, EPA should consider regulation of methane emissions from the production gas processing, and the transmission and storage segments in two separate rulemakings. EPA's current approach in this proposed NSPS fails to account for the fact that different segments of the oil and gas industry operate very differently from one another. In the rulemaking for Subpart OOOO, EPA targeted a specific segment of the industry (production and processing) to address particular concerns it had about emissions from those segments. Rather than following the same common sense approach that it took in the past, EPA has amalgamated these three segments into a single rulemaking. We suspect that it may have done so, in part, because the emissions of the transmission and storage segment alone could not justify the burdens imposed by this proposed rule.

By aggregating the emissions of the entire oil and gas industry into a single rulemaking, EPA has undermined the public's ability to meaningfully understand the costs and benefits associated with this rulemaking and has unjustifiably applied a once-size-fits-all approach to segments of an industry that operate very differently from one another. For example, compressor stations in the midstream segment handle gas at different pressures and with a different composition than their upstream counterparts. In addition, these midstream compressor stations are already constrained by more contractual and permitting requirements than upstream sources, which EPA has failed to consider in this rulemaking. The public would be better served if EPA evaluated the emissions impact, and most feasible solutions, from these two segments separately.

As detailed below, the requirements placed by the proposed NSPS demonstrate a fundamental misunderstanding the nature of operations in the transmission and storage segment. As a result, they place requirements on these operators that are far more burdensome than EPA may realize. For example, EPA has adopted many elements of its proposed Leak Detection and Repair ("LDAR") regulations from similar programs used in large facilities like refineries and natural gas processing plants. Unlike chemical plants, refineries, or natural gas processing plants, compressor stations are mostly unmanned and do not have maintenance personnel onsite to perform the tasks required by the LDAR program.

In many cases, the compressor stations of a single operator are spread over a broad and difficult geographic area. In order to perform the initial attempts at repairs, operators of these facilities have to rely on contractor personnel to travel to the remote sites. Often, repairing a leak would require different trade crews: one set dispatched to perform the repairs, and a separate crew to conduct the monitoring and initial data collection. These characteristics make it much harder for the operators to engage in recurring monitoring programs that require personnel to physically travel to each site at a designated time. This, and other aspects of the proposed NSPS that are ill-fitted to the way the transportation and storage segment operates, are discussed more thoroughly below. Given these issues, EPA should limit scope of the proposed NSPS to production, gathering and boosting, and processing segments of the industry. If EPA believes that additional controls are necessary for transmission and storage sources, EPA should review the category for

transmission and storage, and determine whether this new source category warrants regulatory controls.

**Response:** We disagree with the comment that a separate rulemaking for natural gas transmission and storage is warranted. While there may be differences in operations and gas composition/pressure among the different segments of the natural gas industry, we have not seen a difference in the available options for reducing emissions from segment to segment. For each emission source subject to this final rule, we analyzed the available emission reduction measures, including their costs in each segment, and identified the BSER, based on which we set the performance standards. Our approach is no different from that taken in promulgating the 2012 NSPS, in which we promulgated storage vessel standards across the oil and natural gas industry. While the 2012 NSPS included standards only for a subset of pneumatic controllers and compressors, EPA explained that its evaluation was ongoing.

Further, the fugitive emission standards for well site and compressor stations in this final rule are different structurally from the traditional LDAR program for large facilities, such as refineries and chemical plants. Also, the standards in this final rule took into account the specific concerns identified in the comment (e.g., geographic areas, available trained personnel). For a detailed discussion of how EPA addressed these concerns, please see sections V, VI and VIII of the preamble to this final rule. In light of the above, we disagree that a separate rulemaking is warranted for addressing emissions from the transmission and storage segment of the natural gas industry.

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**Commenter Name:** Gary Buchler
**Commente r Affiliation:** Kinder Morgan, Inc.
**Document Control Number:** EPA-HQ-OAR-2010-0505-6857
**Comment Excerpt Number:** 22

**Comment:** According to EPA, the driving force behind proposed regulations is the dramatic increase in upstream production in the last several years. First, this dramatic increase in upstream production is no longer occurring and, in fact, in many locations throughout the country, oil and natural gas development has been significantly decreasing in the past year and companies have sold assets, limited current plans or significantly curtailed new drilling activities for the foreseeable future. Second, and importantly, the count of compressors (such as those in the natural gas transmission and storage sector) has not been increasing in linear relation to upstream production. Finally, as new natural gas pipeline infrastructure occurs, the new systems or replacement of older horsepower on existing systems will be more efficient and have even fewer emissions.

**Response:** See section IV.C of the preamble to the final rule for more detail regarding this issue.

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**Commenter Name:** Howard J Feldman
**Commenter Affiliation:** American Petroleum Institute
**Document Control Number:** EPA-HQ-OAR-2010-0505-6884
**Comment Excerpt Number:** 28

**Comment: EPA's Regulation Of Extremely Small Affected Facilities Is Unlawful**

As it did in the 2012 rule finalizing Subpart OOOO, EPA errs in this proposal in asserting that single individual components (such as pneumatic devices, compressors, and tanks) and single activities (such as each oil well completion) constitute separate "affected facilities" for purposes of the NSPS. *See e.g.*, Proposed § 60.5365a, 80 Fed. Reg. at 56663. EPA's fine parsing of the definition of affected facility to expand applicability of the rules is fundamentally flawed for three distinct reasons.

First, EPA fails to explain where it finds legal authority for such an approach, and thus, falls far short of EPA's obligation to include in the proposed rule "the major legal interpretations… underlying the proposed rule." CAA § 307(d)(3)(C).

Second, and more importantly, the proposal is flawed because the statute simply does not confer authority on EPA to define a source category and then define a different "affected facility" for purposes of determining what constitutes a new source. As explained above, the statute unambiguously requires EPA to identify and regulate "categories of stationary sources." *Id.* § 111(b)(1)(A). Similarly, the statute defines the term "new source" to mean "any stationary source" that is constructed or modified after proposal of an applicable standard. *Id.* § 111(a)(2). There can be no doubt that the "stationary source" that is identified for listing purposes must be the same "stationary source" used to define what constitutes a new source. In other words, by defining a category of "stationary sources" to be regulated under section 111, EPA unavoidably identifies the "stationary source" that must be used in applying the definition of "new source." *See* 80 Fed. Reg. at 56610 ("We note that the terms 'emission source,' 'source type' and 'source,' as used in this preamble, refer to equipment, processes and activities that emit VOC and/or methane. This term does not refer to specific facilities, in contrast to usage of the term 'source' in the contexts of permitting and section 112 actions.").

To be sure, section 111 provides EPA with some regulatory flexibility—for example, the Agency clearly "may distinguish among classes, types, and sizes within categories of new sources for the purpose of establishing such standards." CAA § 111(b)(2). But the authority to parse a given category of stationary sources for purposes of standard setting is distinctly different from the asserted authority to redefine what constitutes a "new source" within the given source category. *Asarco Inc. v. EPA*, 578 F.2d 319, 327 n.24

(D.C. Cir. 1978) ("This language on its face merely allows the Administrator to set different standards for different classes, types, and sizes of sources. It does not give the Administrator authority to rewrite the definition of a stationary source…."). EPA has flexibility in defining in the first instance the stationary sources to be regulated, but the act of defining the "stationary sources" fixes the "affected facility" for purposes of determining what constitutes a new source.

Third, even assuming for the sake of argument that EPA has authority to designate portions of stationary sources as "affected facilities" for purposes of determining what constitutes a "new source," EPA has failed to follow the analytical framework established in prior rules for making such designations. For example, in establishing the NSPS for VOC emissions from synthetic organic chemical manufacturing industry ("SOCMI") wastewater, EPA explained that a balancing must be done. A "narrower" definition of affected facility can be favorable because "a broader definition means that replacement equipment is less likely to be regulated under the NSPS." 59 Fed. Reg. 46780, 46789 (Sept. 12, 1994). On the other hand, a "broader" definition may be appropriate upon consideration of "the relevant statutory factors (technical feasibility, cost, energy, and other environmental factors)." *Id.* In the case of the SOCMI rule, EPA selected the process unit as the appropriate affected facility because it "allows for routine equipment replacement and minor changes or expansions in existing facilities without subjecting either single emission sources or entire plant sites to requirements of the proposed standards." *Id.* at 46790. EPA's failure to engage in reasoned assessment according to these established criteria renders the proposed rule arbitrary and capricious and not in accord with the law.

**Response:** Please see sections IV.A and VIII.A of the preamble to this final rule for the EPA's response to this comment. In particular, as explained in the preamble, in listing a source category, the EPA is not required to identify specific emission points in the source category. To the extent the commenter has concerns with the EPA's use of the term "affected source" to identify emission sources subject to standards in a rule, this is a long established practice codified in the NSPS General Provision (40 CFR part 60, subpart A) and is therefore not unique in this rulemaking. Lastly, the commenter incorrectly implies that the EPA has established some analytical frame work in the SOCMI that must be applied in all NSPS. The EPA established SOCMI standards based on the unique facts surrounding that source category. The commenter fails to explain why the approach there must be applied in all instances.

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**Commenter Name:** Howard J Feldman
**Commenter Affiliation:** American Petroleum Institute
**Document Control Number:** EPA-HQ-OAR-2010-0505-6884
**Comment Excerpt Number:** 29

**Comment: Hydraulically Fractured Oil Well Completions Cannot Be "Affected Facilities" Under NSPS**

In this rulemaking, EPA proposes to regulate hydraulically fractured oil well completions for the first time. API has opposed EPA's prior proposal to regulate natural gas well completions. *See* API 2011 Comments at 7-8. EPA rejected those comments in a cursory manner in the 2012 Subpart OOOO final rule. 77 Fed. Reg. at 49511 n.11. EPA disagreed with API's assertion that EPA's regulation of well completion is a regulation of "construction activities," and instead maintained that the Agency was regulating "emissions resulting from the physical change." *Id.*

API reiterates its comments made with regard to natural gas well completions because they are equally applicable to EPA's proposal to regulate oil well completion for the first time. Emissions

from well completions differ fundamentally from emissions regulated under any NSPS prior to Subpart OOOO. It goes without saying that the purpose of oil wells is to produce oil. A well completion is not part of the normal operation of a well in that completion activities do not continuously occur as a well is producing or, for that matter, are not repeated more than once or twice over the life of a well (a life that typically spans years and often spans decades). Instead, a well completion is a construction-related activity that must be accomplished for a well to begin producing and thereafter engage in normal operations. To the extent that a producing well must be "recompleted," this activity constitutes maintenance of the well because it is needed to assure the ongoing proper operation and suitable productivity of the well.

Until EPA's unlawful regulation of natural gas wells in 2012, EPA had never sought to impose section 111 emissions limitations or standards on construction or maintenance activities at affected facilities. In fact, EPA had actively worked to exclude construction and maintenance activities from coverage by an NSPS. For example, the initial performance tests and compliance determinations for affected facilities typically are not required to be conducted until "within 60 days after achieving the maximum production rate at which the affected facility will be operated, but not later than 180 days after initial startup of such facility." 40 C.F.R. § 60.8(a). Similarly, performance tests must be conducted under conditions reflecting "representative performance of the affected facility." *Id.* § 60.8(c). Prior to Subpart OOOO, periods of source construction and maintenance had never been suggested to be "representative" of normal source operation under the NSPS program.

To the extent that well completions can be considered a "stationary source," which API disputes, they are a distinct type of stationary source that cannot rationally belong to the same source category as the other disparate elements of the oil and natural gas production industry (such as natural gas processing plants). EPA has not previously found and has not proposed to find that emissions from well completions cause or significantly contribute to air pollution that may reasonably endanger health or the environment. Therefore, EPA is not authorized to list or regulate well completions under section 111.

In addition, EPA has not explained why it has not followed a decades-long practice under section 111 of regulating emissions that result only from normal operation of affected facilities and expressly excluding construction-related emissions from regulation in this proposal. As noted in API's 2011 comments, regulation of construction-related emissions is a significant substantive departure in the Agency's prior interpretation and implementation of section 111. The failure to provide a reasoned explanation of why this departure is justified, and the failure to present the legal basis for regulating non-routine emissions, is arbitrary and capricious and plainly violates EPA's obligation to clearly set forth "the major legal interpretations and policy considerations underlying the proposed rule." CAA § 307(d)(3)(C).

**Response:** The commenter essentially objects to the EPA's regulation of oil well completion because the EPA had not in the past regulated sources of such nature. However, the fact that an emission source is unique and different from sources the EPA had previously regulated does not speak to whether such source should be or can be regulated under section 111 of the CAA. As the EPA explained during the 2012 NSPS rulemaking, completion of an existing well using hydraulic fracturing or refracturing is "modification," as that term is defined under section

111(a). 76 FR 52738, at 56759. Hydraulic fracturing or refracturing causes a physical change to a well, which is a stationary source. This physical change increases emissions by releasing into the atmosphere VOC vapor and natural gas (which consists of mostly methane) that were in the shale. Therefore, the source of these emissions are not from construction, as the commenter suggests. That said, it is worth noting that nothing in the plain text of section 111 prohibits the EPA from regulating construction-related emissions. Neither does it limit the EPA to regulate only "normal operations" that have continuous emissions, as the commenter appears to suggest. The commenter also has not identified any such statutory prohibition or provided rationales for these claims other than noting EPA's past practice which, as explained above, is not an adequate justification against regulating well completion emissions in this action.

With respect to the comment that well recompletion is a maintenance activity, the EPA incorporates here its response to the same in the 2012 NSPS. See 77 FR 49490, 495120-3. 40 CFR § 60.14(e)(1) provides a regulatory exemption for activities that the EPA determines to be routine maintenance and repair. As the General Provisions recognize, such exemption may not be appropriate in all cases. In this case, the EPA does not consider hydraulic fracturing and refracturing to be routine maintenance activities at a well but a technique used when necessary to allow or stimulate gas and oil production from shale and other formations. The activity, which is not required at every well, takes only a relatively short time during a well's operation life. In that short period of time, it creates emission that the EPA has found to be significant and there are cost effective controls to reduce such emissions. For the reasons stated above, the EPA concludes that covering refracturing activities is appropriate even if it requires departing from the regulatory definition of "modification."

Lastly, the commenter is incorrect that the EPA must make an endangerment finding under section 111(b)(1)(A) in order to regulate well completions. For the EPA's response to the specific comments on the EPA's obligations and authority under section 111(b)(1)(A), please see sections III.A, IV.A and VIII.A of the preamble to this final rule.

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**Commenter Name:** Andy McDonald
**Commenter Affiliation:** Citizen
**Document Control Number:** EPA-HQ-OAR-2010-0505-6875
**Comment Excerpt Number:** 4

**Comment:** Our position: MDU supports EPA's proposal to not impose mandatory New Source Performance Standards (NSPS) for methane or volatile organic compound (VOC) emissions from natural gas distribution systems. Voluntary process improvements and pipeline replacement programs have indicated a downward trend in methane emissions from natural gas distribution systems, which would be consistent with EPA's proposal. We request that EPA memorializes the implication that natural gas distribution systems, including intrastate transmission lines, storage, and distribution pipelines downstream of custody transfer stations, are excluded from the proposed standards. We believe EPA did not intend to impose these standards on intrastate transmission lines, which typically operate at lower pressures than interstate pipelines, and often have fewer and smaller compression stations, if any. The intrastate lines are part of the LDC's

distribution of gas to customers within the state, and no further compression is typically required to move the gas from the custody transfer station to the next pressure reducing station.

**Response:** Please see sections IV.A and VIII.A of the final rule preamble for the EPA's for further information regarding the scope of the source category. In addition, as explained in our response to DCN EPA-HQ-OAP-2010-0505-6809, Excerpt 3, we have removed the term "city gate" from the final rule and replaced it with "local distribution company (LDC) custody transfer station." We believe the discussion of the scope of the source category in the preamble and the added definition of "LDC custody transfer station" in the final rule adequately addressed the commenter's concerns.